

For information regarding sales tax and exemptions we refer you to the sales tax rules at 86 Ill. Adm. Code Part 130. (This is a GIL.)

December 11, 2006

Dear Xxxxx:

This letter is in response to your letter dated August 8, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing to inquire about various sales tax exemptions that exist within the state of Illinois. Currently, we have nexus in the state of Illinois with 19 active location [sic].

We are a shoe retailer with a chain of stores and we sell footwear, clothing and various accessories such as costume jewelery [sic], handbags, sunglasses and watches.

We would like to make sure that we are in compliance with Illinois State Laws concerning Sales Tax Exemptions. Can you provide us with a detailed list and explanations of any Sales Tax Exemptions existing within your State.

We would like to issue a memo to the staff operating our retail shoe stores in the State of Illinois to educate them on any existing sales tax exemptions. Our goal is to implement controls to properly process and document these sales tax exemptions to ensure we are in compliance with the requirements of the law.

Can you also provide us with documentation on any other taxes relating to retail business that exist in the State of Illinois that we, as a shoe retailer, should be aware of.

I would appreciate a response before August 26, 2006.

If you require any further information, please contact the undersigned at the following number.

Thank you for your co-operation [sic] in this matter.

DEPARTMENT'S RESPONSE

I am responding in reference to sales taxes. Illinois taxes the retail sale and use of tangible personal property under two separate but related statutes. The Retailers' Occupation Tax Act imposes a tax upon persons engaged in the business of selling at retail tangible personal property. 35 ILCS 120/2. The Use Tax Act imposes a tax upon the privilege of using in this State tangible personal property purchased at retail from a retailer. 35 ILCS 105/3.

An Illinois retailer is one who either accepts purchase orders in the State of Illinois or maintains an inventory in Illinois and fills Illinois orders from that inventory. The Illinois retailer is liable for Retailers' Occupation Tax on gross receipts from sales and must collect the corresponding Use Tax incurred by purchasers.

For information regarding sales tax and exemptions we refer you to the sales tax rules at 86 Ill. Adm. Code Part 130. The Department's rule "Nontaxable Transactions" at 86 Ill. Adm. Code 130.120 provides a list of sales tax exemptions. For more information about these exemptions, citations to individual regulations are provided.

If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Martha P. Mote
Associate Counsel

MPM:msk